UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CARLOS M. SALAS AND ADA CRISTINA SALAS, Plaintiffs, -against- PETER E. SALAS; DOLPHIN ADVISORS, LLC; DOLPHIN ASSET MANAGEMENT CORP.; DOLPHIN DIRECT EQUITY PARTNERS, LP; AND DOLPHIN MANAGEMENT, INC., Defendants.	:	Case No.: 16-cv-2248

ANSWER

Defendants, Peter E. Salas, Dolphin Advisors, LLC, Dolphin Asset Management Corp., Dolphin Direct Equity Partners, LP, and Dolphin Management, Inc. ("Defendants"), by and through their attorneys, respectfully submit this Answer to the Complaint and their Affirmative Defenses. Defendants deny every allegation not explicitly admitted herein and deny all of the allegations set forth in the headings and prayer for relief in the Complaint. Defendants reserve their right to amend or seek to amend their Answer and Affirmative Defenses.

SPECIFIC RESPONSES

1. Defendants deny the allegations of paragraph 1 of the Complaint.

2. Defendants deny the allegations of paragraph 2 of the Complaint.

3. Defendants admit that plaintiffs were investors in Dolphin Direct Equity Partners, LP and that they are married to one another. Plaintiff. Defendants lack knowledge and information sufficient to form a belief as to the remaining portion of paragraph 3.

4. Defendants deny the allegations of paragraph 4 of the Complaint.

5. Defendants deny the allegations of paragraph 5 of the Complaint, except admit that Peter E. Salas was the President and majority shareholder of Dolphin Management, Inc. ("DMI"); he is the President and sole shareholder of Dolphin Mgmt. Services, Inc. ("Dolphin Mgmt."); and he was, at all times relevant to this Complaint, the Chairman, Manager, and sole Director of Dolphin Advisors.

6. Defendants deny the allegations of paragraph 6 of the Complaint, except admit that DMI is a corporation formed pursuant to the laws of the State of Delaware; Dolphin Mgmt. is a successor-in-interest to DMI; Dolphin Mgmt. acted as the managing member for Dolphin Advisors; and Dolphin Mgmt. is a General Partner of Dolphin Direct Equity Partners, LP ("Dolphin Direct").

7. Defendants deny the allegations of paragraph 7 of the Complaint, except admit that Dolphin Advisors was, at all times relevant to this Complaint, a limited liability company formed pursuant to the laws of the State of New York with its principal place of business in Bay Shore, New York through 2006 and then Fernandina Beach, Florida thereafter and Peter E. Salas was the sole Director of Dolphin Advisors.

8. Defendants admit the allegations of paragraph 8 of the Complaint.

9. Defendants deny the allegations of paragraph 9 of the Complaint, except admit that Dolphin Direct is a limited partnership formed pursuant to the laws of the State of

Delaware and Dolphin Advisors was, at all times relevant to this Complaint, the Managing Partner of Dolphin Direct.

10. Paragraph 10 is a definitional paragraph to which no response is required. To the extent a response is required, Defendants deny the allegations.

11. Paragraph 11 is a definitional paragraph to which no response is required. To the extent a response is required, Defendants deny the allegations.

12. Defendants deny the allegations contained in paragraph 12 of the Complaint, except admit that, since its acquisition in 2000, DAMCO has, along with Dolphin Mgmt. (and its predecessor DMI), served as the main operating entities through which Peter E. Salas has conducted his business activities.

13. Defendants deny the allegations of paragraph 13 of the Complaint, except admit that DAMCO provides services to Dolphin Mgmt.

14. Defendants deny the allegations of paragraph 14 of the Complaint.

15. Defendants deny the allegations of paragraph 15 of the Complaint.

16. Defendants deny the allegations of paragraph 16 of the Complaint.

17. Defendants deny the allegations of paragraph 17 of the Complaint, except admit that Peter E. Salas had ultimate responsibility for each of the defendant entities.

18. Paragraph 18 states a legal conclusion to which no response is required. To the extent a response is required, Defendants deny the allegations.

19. Defendants deny the allegations of paragraph 19 of the Complaint.

20. Defendants deny the allegations of paragraph 20 of the Complaint.

21. Defendants deny the allegations of paragraph 21 of the Complaint.

22. Defendants deny the allegations of paragraph 22 of the Complaint.

23. Defendants deny the allegations of paragraph 23 of the Complaint. With respect to the allegations concerning the Partnership Agreement, Defendants respectfully refer the Court to the Partnership Agreement for its contents.

24. Defendants deny knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 24 of the Complaint.

25. Defendants admit the allegations of paragraph 25 of the Complaint.

26. Defendants admit that they communicated with Plaintiffs in October 2004 and refer the Court to the documents for their contents.

27. Defendants admit the allegations of paragraph 27 of the Complaint.

28. Defendants deny the allegations of paragraph 28 of the Complaint, except admit that Peter E. Salas sent letters to Plaintiffs and other limited partners from time to time.

29. Defendants deny the allegations of paragraph 29 of the Complaint.

30. Defendants admit the allegations of paragraph 30 of the Complaint.

31. Defendants deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 31 of the Complaint, except admit that Plaintiffs made additional contributions of $31,759 and refer the Court to the document for its contents.

32. Defendants deny the allegations of paragraph 32 of the Complaint, except admit that Peter E. Salas sent a correspondence and refer the Court to the document for its contents.

33. Defendants deny the allegations of paragraph 33 of the Complaint, except admit that Peter E. Salas sent a correspondence and refer the Court to the document for its contents.

34. Defendants deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 34 of the Complaint except admit that $75,494 was contributed.

35. Defendants deny the allegations of paragraph 35 of the Complaint, except admit that Peter E. Salas sent a correspondence and refer the Court to the document for its contents.

36. Defendants deny the allegations of paragraph 36 of the Complaint.

37. Defendants deny the allegations of paragraph 37 of the Complaint.

38. Defendants deny the allegations of paragraph 38 of the Complaint, except admit that Plaintiffs were sent written correspondence and refer the Court to that document for its contents.

39. Defendants deny knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 39 of the Complaint except admit that $70,000 was contributed.

40. Defendants deny the allegations of paragraph 40 of the Complaint.

41. Defendants deny the allegations of paragraph 41 of the Complaint, except admit that Peter E. Salas sent plaintiffs written correspondence and refer the Court to the document for its contents.

42. Defendants deny the allegations of paragraph 42 of the Complaint and refer to the cited report for its contents.

43. Defendants deny the allegations of paragraph 43 of the Complaint.

44. Defendants deny the allegations of paragraph 44 of the Complaint.

45. Defendants deny the allegations of paragraph 45 of the Complaint.

46. Defendants admit that Plaintiffs invested the net amount of $222,625.46 in Dolphin Direct but deny the remainder of the allegations of paragraph 46 of the Complaint.

47. Defendants deny knowledge or information as to Plaintiffs' mental state and otherwise deny the allegations of paragraph 47 of the Complaint.

48. Defendants deny the allegations of paragraph 48 of the Complaint.

49. Defendants deny the allegations of paragraph 49 of the Complaint.

50. Defendants deny the allegations of paragraph 50 of the Complaint.

51. Defendants deny the allegations of paragraph 51 of the Complaint and refer the Court to the Partnership Agreement for its contents.

52. Defendants deny the allegations of paragraph 52 of the Complaint.

53. Defendants deny the allegations of paragraph 53 of the Complaint.

54. Defendants deny the allegations of paragraph 54 of the Complaint.

55. Defendants deny the allegations of paragraph 55 of the Complaint

56. Defendants deny the allegations of paragraph 56 of the Complaint

57. Defendants deny knowledge or information as to the allegations of paragraph 57 of the Complaint.

58. Defendants deny the allegations of paragraph 58 of the Complaint.

59. Defendants deny the allegations of paragraph 59 of the Complaint.

60. Defendants deny the allegations of paragraph 60 of the Complaint.

61. Defendants deny the allegations of paragraph 61 of the Complaint and refer the Court to the Limited Partnership Agreement for its contents.

62. Defendants deny the allegations of paragraph 62 of the Complaint and refer the Court to the Limited Partnership Agreement for its contents.

63. Defendants deny the allegations of paragraph 63 of the Complaint and refer the Court to the Limited Partnership Agreement and Offering Memorandum for their contents.

64. Defendants deny the allegations of paragraph 64 of the Complaint and refer the Court to the Limited Partnership Agreement and Offering Memorandum for their contents and state that capital contributions were sought between April 2004 and September 2009 as Dolphin Advisors deemed appropriate.

65. Defendants deny the allegations of paragraph 65 of the Complaint and refer the Court to the Limited Partnership Agreement for its contents.

66. Defendants deny the allegations of paragraph 66 of the Complaint.

67. Defendants deny the allegations of paragraph 67 of the Complaint.

68. Defendants deny the allegations of paragraph 68 of the Complaint.

69. Defendants deny the allegations of paragraph 69 of the Complaint and refer the Court to the Limited Partnership Agreement and the audited financial statements for their contents.

70. Defendants deny the allegations of paragraph 70 of the Complaint and refer the Court to the audited financial statements, the referenced financial reports and Plaintiffs' Form K-1s for their contents.

71. Defendants deny the allegations of paragraph 71 of the Complaint, except admit that Peter is the sole owner of Dolphin Mgmt. which has substantial interests in Dolphin Offshore Partners, LP.

72. Defendants deny the allegations of paragraph 72 of the Complaint.

The preamble to Count I of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, Defendants repeat and reallege the responses to paragraphs 1 through 72 as if fully set forth herein.

73. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 73 of the Complaint, except admit that Plaintiffs were limited partners in Dolphin Direct.

74. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 74 of the Complaint.

75. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 75 of the Complaint, except admit that Dolphin Mgmt. was the majority shareholder in Dolphin Advisors.

76. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 76 of the Complaint.

77. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 77 of the Complaint.

78. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 78 of the Complaint.

79. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 79 of the Complaint.

80. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 80 of the Complaint.

81. Peter E. Salas and Dolphin Advisors deny the allegations of paragraph 81 of the Complaint.

82. Peter E. Salas and Dolphin Advisors state that the allegations of paragraph 82 of the Complaint are legal conclusions as to which no response is required. To the extent that a response is required, Peter and Dolphin Advisors deny those allegations.

The preamble to Count II of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, Defendants repeat and reallege the responses to paragraphs 1 through 82 as if fully set forth herein.

83. Defendants deny the allegations of paragraph 83 of the Complaint.

84. Defendants deny the allegations of paragraph 84 of the Complaint.

85. Defendants deny the allegations of paragraph 85 of the Complaint.

86. Defendants deny the allegations of paragraph 86 of the Complaint.

The preamble to Count III of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, Defendants repeat and reallege the responses to paragraphs 1 through 86 as if fully set forth herein.

87. Defendants deny the allegations of paragraph 87 of the Complaint.

88. Defendants deny the allegations of paragraph 88 of the Complaint.

89. Defendants deny the allegations of paragraph 89 of the Complaint.

The preamble to Count VI of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, defendants repeat and reallege the responses to paragraphs 1 through 89 as if fully set forth herein.

90. Defendants deny the allegations of paragraph 90 of the Complaint.

91. Defendants deny the allegations of paragraph 91 of the Complaint.

92. Defendants deny the allegations of paragraph 92 of the Complaint.

93. Defendants deny the allegations of paragraph 93 of the Complaint.

94. Defendants deny the allegations of paragraph 94 of the Complaint.

95. Defendants deny the allegations of paragraph 95 of the Complaint.

The preamble to Count V of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, defendants repeat and reallege the responses to paragraphs 1 through 95 as if fully set forth herein.

96. Defendants state that the allegations of paragraph 96 of the Complaint are legal conclusions as to which no response is required. To the extent that a response is required, defendants deny the allegations of paragraph 96 of the Complaint.

97. Defendants deny the allegations of paragraph 97 of the Complaint.

98. Defendants deny the allegations of paragraph 98 of the Complaint.

99. Defendants deny the allegations of paragraph 99 of the Complaint.

100. Defendants deny the allegations of paragraph 100 of the Complaint.

101. Defendants deny the allegations of paragraph 101 of the Complaint.

102. Defendants deny the allegations of paragraph 102 of the Complaint.

103. Defendants deny the allegations of paragraph 103 of the Complaint.

The preamble to Count VI of the Complaint merely realleges other allegations in the Complaint and does not require a response. To the extent that a response is required, defendants repeat and reallege the responses to paragraphs 1 through 103 as if fully set forth herein.

104. Defendants deny the allegations of paragraph 104 of the Complaint.

105. Defendants deny the allegations of paragraph 105 of the Complaint.

106. Defendants deny the allegations of paragraph 106 of the Complaint.

107. Defendants deny the allegations of paragraph 107 of the Complaint.

AFFIRMATIVE AND OTHER DEFENSES

Defendants assert the following affirmative and other defenses. In asserting these defenses, Defendants do not assume the burden of proof with respect to any issue as to which the applicable law places the burden of proof upon Plaintiffs.

FIRST DEFENSE

108. The Complaint, and each and every cause of action therein, fails to state a claim upon which relief can be granted.

SECOND DEFENSE

109. The Court lacks proper venue.

THIRD DEFENSE

110. Defendants did not owe plaintiffs the duties plaintiffs have alleged.

FOURTH DEFENSE

111. Defendants did not breach any duties so owed.

FIFTH DEFENSE

112. Defendants did not cause any injury to plaintiff.

SIXTH DEFENSE

113. Defendants deny that plaintiff was injured to the nature and extent claimed and contests damages.

SEVENTH DEFENSE

114. Plaintiff s claims are barred in whole or in part by the applicable statutes of limitations.

EIGHTH DEFENSE

115. Plaintiffs' claims are barred in whole or in part by the doctrines of waiver and estoppel.

NINTH DEFENSE

116. Plaintiffs' claims are barred in whole or in part for lack of standing.

TENTH DEFENSE

117. Plaintiffs have improperly asserted derivative claims individually.

TWELFTH DEFENSE

118. Plaintiffs have improperly asserted derivative and individual claims.

THIRTEENTH DEFENSE

119. Plaintiffs' claims are barred in whole or in part by the doctrine of unclean hands.

FOURTEENTH DEFENSE

120. Plaintiffs' claims are barred in whole or in part by the doctrine of economic justification.

FIFTEENTH DEFENSE

124. Plaintiffs have improperly asserted an independent cause of action for piercing the corporate veil.

SIXTEENTH DEFENSE

125. Plaintiffs have failed to plead facts indicating that Peter abused the privilege of doing business in the corporate form.

Dated: New York, New York
October 26, 2016

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Attorneys for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on October 26, 2016 a copy of the foregoing was filed electronically. Notice of this filing will be sent to Counsel of Record by operation of the Court's electronic filing system.

/s/ Daniel A. Osborn
Daniel A. Osborn